

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L CARACAS 003434

SIPDIS

NSC FOR BARTON  
SOUTHCOM ALSO FOR POLAD

E.O. 12958: DECL: 11/03/2014

TAGS: [PARM](#) [PREL](#) [ETRD](#) [VE](#) [RU](#)

SUBJECT: A VIEW OF VENEZUELAN ARMS PURCHASES FROM RUSSIA

REF: A. CARACAS 3230  
[B](#). CARACAS 3031

Classified By: ECONOMIC COUNSELOR RICHARD M. SANDERS. REASONS 1.4(B) AND (D).

-----  
Summary  
-----

[1](#)1. (C) According to Jose Rafael Gomez, a former Presidential staffer who participated in Vice President Rangel's recent trip to Moscow, the Venezuelan-Russian deal for MI-17 helicopters is not yet final because of financial issues, and might go forward initially at least with a limited number. He thought that the eventual sale of MIG-29 fighters might go forward in one year. Gomez also advised that he was returning in a senior capacity to Chavez's staff. End summary.

-----  
Copters -- Money Issues  
-----

[1](#)2. (C) In a November 2 conversation, Jose Rafael Gomez (see bio below) discussed with econcouns Vice President Jose Vicente Rangel's October 2-6 trip to Moscow (ref A). Gomez, who participated in the trip, said that arms sales were the only matter of substance considered during the visit. He said that the deal to purchase MI-17 helicopters was not, despite news reports to the contrary, finalized. The problem, he went on, was the fact that the Russians wanted immediate cash payment, while the GOV was seeking softer terms.

[1](#)3. (C) Asked about the published accounts that the deal could entail counter-trade, i.e. payment of oil from state petroleum enterprise PDVSA or aluminum from state industrial enterprise CVG, Gomez was skeptical. He said that these state enterprises were strongly resisting the idea that they take a hit to their bottom line by giving up assets belonging to them in exchange for equipment which would benefit the Defense Ministry. Gomez's bottom line: the GOV would find "a hundred and some odd" million dollars and buy the first ten helicopters. Others would have to wait. (Note: This is consistent with Rangel's public remarks which spoke of ten helicopters. End note.) He was doubtful whether any legally binding contract would be signed during Chavez's short trip to Moscow in December.

-----  
Fighters - Maybe in a Year  
-----

[1](#)4. (C) However, Gomez refused to conclude from the difficulties with the helicopter sale that a sale of MIG-29 fighters (see ref B) was not in the cards. Paradoxically, he suggested, financing was likely to be easier for a big ticket fighter purchase than for the helicopters. He suggested that the USG's restrictions on upgrades as part of a refit of Venezuela's existing fleet of F-16's and the absence of Eximbank financing for arms purchases were pushing the GOV in this direction. Also, the Army, Navy, and National Guard were being given funding for equipment purchases and the Air Force could not be left behind. He admitted to some desire at the political level to diversify Venezuela's defense purchasing away from its traditional U.S. orientation, but said that there was a strong desire to maintain the range of existing U.S. equipment in operable condition. He thought that the MIG-29 initial contract could go forward as quickly as within one year.

-----  
Bio - A Rising Star at Miraflores  
-----

[1](#)5. (C) Gomez, told econcouns that he had been named as President Chavez's senior staffer ("jefe del despacho") for inter-institutional affairs, a position, he said in which protocol, scheduling, and substantive follow-up with ministries would come under his authority. Earlier in the Chavez administration, he had served as a lower ranking

staffer ("commisionado") in the Presidency where he had had some contact with the Embassy. More recently he has been in the private sector as a "consultant," while retaining

informal ties to the GOV. (He showed econcouns a Defense Ministry identification badge, in which he had the title of "ambassador.") It has been suggested to us that Gomez, while in the private sector, was involved in the emerging Russian helicopter deal, and may yet profit from it. Gomez, a former Army cadet, said that Chavez had been his instructor. He is 38, and separated from his wife and children who live in Miami. He has a valid U.S. B1/B2 visa. He advised that he has studied at Harvard's Kennedy School, and that his father had worked for the United Nations, including at the Economic Commission for Latin America and the Caribbean (CEPAL/ECLAC) in Chile.

-----  
Comment  
-----

16. (C) Gomez, whom econcouns met through a business contact, repeatedly stressed the need for the U.S. to resume Eximbank programs as a way to maintain relations with the Armed Forces and to signal the USG's desire for improved relations. He appeared a bit surprised at the suggestion that the USG might want to see some signals from the Venezuelan side. Career, money, and personal ties appear to bind him to Chavez's "revolution" rather than ideology.

-----  
DAO Comment  
-----

17. (C) If Venezuela immediately starts the acquisition process for the MIGs, we believe it would take at a minimum one year before an actual contract is signed and at least two more years before Venezuela receives the MIGs and up to three years before the full fleet is delivered and personnel are trained to a minimum level of competence.

Brownfield

NNNN  
2004CARACA03434 - CONFIDENTIAL